REPORT OF THE SOCIAL ASSISTANCE REVIEW COMMITTEE

Prepared for:

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Minister of Family Services
Province of Manitoba

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Preface

Report of The Social Assistance Review Committee

As requested by the Provincial Government, the Committee has produced a report which provides recommendations on the reform of Manitoba's social assistance system through continued administration by municipal governments and the development of uniform regulations governing the provision of municipal social assistance.

Twelve recommendations are included in the report covering three major aspects of reform, that is:

- *the extent to which municipal assistance should be regulated by the Province,*
- *the level at which benefits should be set under a regulated system, and*
- *the manner in which the costs of assistance should be shared between the municipalities and the Province.*

Although the time available to the Committee limited the analysis and discussion of issues which could take place, the Committee is confident that the general recommendations represent a viable framework within which the Province can work to improve the current social assistance system. Committee members have reviewed the report with each of the municipal organizations to ensure that the recommendations represent the views of Manitoba's municipalities.

The Committee has appreciated the opportunity to participate in this consultation process and is willing to participate further in the reform process at a future date, if requested to do so.

Municipal Representatives:

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Union of Manitoba Municipalities

John Nicol
Union of Manitoba Municipalities

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EXECUTIVE SUMMARY

REPORT OF THE SOCIAL ASSISTANCE REVIEW COMMITTEE

The Social Assistance Review Committee was established in the spring of 1989 to provide municipal governments with a means of presenting the Government of Manitoba with their perspective on changes to Manitoba's social assistance system.

The consultations with the municipalities were in response to the Government's announcement, both during the 1988 election campaign and in the subsequent Budget Speech, of an approach to social assistance reform that included the following elements:

- consultation with the municipalities,
- effective provision of service through continued delivery by the municipalities, and
- uniform regulations governing the provision of assistance and links to job training programs.

The Committee is comprised of representatives from the Manitoba Association of Urban Municipalities (MAUM), the Union of Manitoba Municipalities (UMM), the Manitoba Municipal Administrators' Association (MMAA) and the City of Winnipeg. Staff from the Departments of Family Services, Rural Development, and Urban Affairs were made available to the Committee by the Province to facilitate and support the consultation process.

The mandate of the Committee was to provide recommendations to the Government regarding the following three aspects of social assistance reform:

- the extent to which the municipal assistance system should be regulated,
- the level at which benefits should be set for the municipal programs, and
- the manner in which the costs of municipal social assistance should be shared between the municipalities and the Province.

The Committee reviewed each of these three areas in a series of meetings held from April to July 1989. The Report of the Committee was then reviewed by each municipal association to ensure that the recommendations reflected the views of the municipalities.

CURRENT SYSTEM OF SOCIAL ASSISTANCE

Manitoba currently has a two-tier system of social assistance. The Municipal Assistance Program, which is delivered by almost 200 municipalities, provides assistance to persons potentially in need of short-term assistance, such as unemployed employable persons. The provincial Social Allowances Program provides assistance to persons potentially in need for a long period of time, such as disabled persons, sole-support parents and the elderly.

In Manitoba, each municipality establishes its own bylaws which govern the administration of its assistance program. This has allowed the municipalities to establish assistance programs which respond to local conditions and to develop expertise in handling the employable caseload in their area. However, it has also resulted in different sets of rules, rates, eligibility criteria and administrative processes governing the provision of assistance to people in short-term need. This variation has resulted in inequities and has raised concerns regarding the adequacy and equity of the benefit rates and the financial eligibility criteria and the availability of assistance under the current Municipal Assistance Program.

The Committee agreed that standardization of the Municipal Assistance Program through provincial regulation would address these major concerns while allowing the municipalities to bring their knowledge of local matters and their expertise in dealing with the employable caseload to the delivery of assistance. The Committee also agreed that greater consistency and efficiency in the Municipal Assistance Program would be possible if the municipalities could focus their responsibility on one category of client, the short-term unemployed. As such, the Committee was in support of the Government's recent announcement to assume responsibility for all sole-support parents and felt that the Government should also assume responsibility for other persons who may not meet the current provincial disability criteria but who have significant barriers to employment.

EXTENT OF REGULATION

One of the key elements in the standardization of the Municipal Assistance Program is the extent to which the Program should be regulated by the Province, that is, how much of the Municipal Assistance Program should be regulated by the Province and how much should be left to the discretion of the individual municipalities. The Committee agreed that there should be extensive regulation of the benefits, rates and financial eligibility criteria with flexibility for the municipalities to exceed the regulated rates; limited regulation of administrative procedures; and reasonable levels of support and monitoring of the municipalities.

LEVEL OF BENEFITS

A major consideration in regulation is the level of benefits that should be provided by the Municipal Assistance Program, that is, should the benefit rates and eligibility criteria of the Program be similar to or different from those of the provincial Social Allowances Program. The Committee agreed that the benefit rates for the municipal program should be set at a level which reflects the short-term nature of the program as opposed to the long-term nature of the Social Allowances Program. This approach of distinguishing between long-term and short-term requirements is consistent with social assistance systems in other provinces. The Committee agreed that further study should be undertaken with regard to the specific provisions of the financial eligibility criteria of the Program. In the longer-term the Committee concluded that the financial eligibility criteria should allow for the exemption of some resources which would assist recipients to avoid long-term entrapment in poverty. However, these exemptions would need to be balanced by strong employment expectations, also intended to prevent long-term dependency on the social assistance system.

COST-SHARING ARRANGEMENTS

The Committee also reviewed the arrangements between the Province and the municipal governments for sharing the cost of providing municipal assistance, particularly with respect to whether the municipalities should continue to share in the cost of municipal assistance and, if so, what the formula should be for sharing these expenditures. The Committee agreed that the municipalities should continue to share in the cost of municipal assistance as long as they continue to deliver it. They also concluded that the existing cost-sharing formula should be maintained, although it was noted that property taxes, which are the revenue source currently used to finance municipal assistance, are not the most appropriate mechanism for funding social assistance program costs. Thus, while the Committee acknowledged that costs in some municipalities will increase as a result of introducing consistent benefit levels and financial eligibility criteria, the Committee concluded that the current overall municipal contribution to the cost of assistance should not increase as a result of regulation. To this end, savings resulting from the transfer of sole-support parents and cases with employment barriers to the Province should be allowed to accrue to the municipalities.

COST ESTIMATE

The incremental cost of the initiative to the Province is estimated to be $3.4 million. The Province will also incur a cost of $1.0 million as a result of allowing the municipalities to accrue the saving resulting from the transfer of sole-support parents to the Province. It has been estimated that on an overall basis municipal expenditures will be reduced by a total of about $1.2 million, however each municipality may not realize a saving, dependant on their current benefit levels and caseload composition.

RECOMMENDATIONS

Following is a summary of the Committee's recommendations:

General

1. Reform of the current social assistance system through regulation of the Municipal Assistance Program.

2. Continued involvement of the municipalities in the delivery of assistance to people in need of short-term assistance and the transfer of cases with long-term employment barriers to the Province.

3. Increased financial support for employment related initiatives targeted to municipal assistance clients.

Extent of Regulation

4. Extensive standardization of the benefits and minimum rates payable, with flexibility for municipalities to exceed these levels where necessary.

5. Standardization of the financial eligibility criteria of the Program.

6. Regulation of administrative matters limited to such areas as the application process and matters of confidentiality.

7. Reasonable levels of support and monitoring from the Province.

Level of Benefits

8. Establishment of benefits at levels generally considered appropriate for short-term clients and which take into account the current fiscal realities in Manitoba.

9. Establishment of financial eligibility criteria which are consistent throughout the Province and further study to determine resources which may be suitably exempted from calculation of eligibility of persons in need of short-term assistance.

10. Strong employment search expectations that are flexible enough to accommodate regional differences in employment availability.

11. Establishment of an ongoing provincial/municipal consultation process to set the annual rates and financial eligibility criteria for the Municipal Assistance Program.

Cost-Sharing

12. Continued use of the existing cost-sharing formula to share municipal assistance expenditures between the municipalities and the Province, with any cost-savings resulting from the transfer of sole-support parents or persons with long-term employment barriers to the Province accruing to the municipalities.

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REPORT OF THE
SOCIAL ASSISTANCE REVIEW COMMITTEE

INTRODUCTION

During the 1988 provincial election campaign and in the subsequent Budget Address, the Government announced an approach to social assistance reform that included the following elements:

- consultation with the municipalities,
- effective provision of service through continued delivery by the municipalities, and
- uniform regulations governing the provision of assistance and links to job training programs.

In March 1989, the Ministers of Family Services and Rural Development met with the Municipal Advisory Committee to discuss the most appropriate manner for consulting with the municipalities on the matter of reforms to the social assistance system in Manitoba. It was agreed that the Social Assistance Review Committee would be established to provide municipal governments with a means of presenting their perspective on changes to the social assistance system to the Provincial Government.

The Committee was structured to include representatives from the Manitoba Association of Urban Municipalities (MAUM), the Union of Manitoba Municipalities (UMM), the Manitoba Municipal Administrators' Association (MMAA), and the City of Winnipeg to ensure that the consultation process would represent the spectrum of municipal positions. Staff from the Departments of Family Services, Rural Development and Urban Affairs were made available to the Committee by the Province to facilitate and support the consultation process. A list of the members of the Committee is provided in Appendix A.

The mandate of the Committee was to provide a report to the Government regarding the following three aspects of social assistance reform:

- the extent to which the municipal assistance system should be regulated,
- the level at which benefits should be set for the municipal programs, and
- the manner in which the costs of municipal social assistance should be shared between the municipalities and the Province.

These three areas were reviewed by the Committee in a series of meetings held between April and July 1989 and the Report of the Committee has been reviewed by each municipal association to ensure that all municipalities were adequately consulted and that the recommendations reflect the views of the municipalities.

SECTION ONE
THE CURRENT SOCIAL ASSISTANCE SYSTEM

BACKGROUND

Manitoba currently has a two-tier system of social assistance. Generally, the Municipal Assistance Program, which is delivered by almost 200 municipalities, provides assistance to persons potentially in need of short-term assistance, such as unemployed employable persons. The provincial Social Allowances Program provides assistance to persons potentially in need for a long period of time, such as disabled persons, sole-support parents or the elderly.

In 1987, there were approximately 33,000 cases in receipt of assistance in the Province. The Municipal Assistance Program was responsible for about 10,000 of these cases, with about 85% residing in the City of Winnipeg. Most of the municipal cases are single employable persons or families with employable household heads. Expenditures for these municipal cases were about $50.0 million, with the municipalities contributing approximately $10.0 million after cost-sharing with the Province and the assistance costs and the contributions of the individual municipalities varying greatly.

In Manitoba, each municipality establishes its own bylaws which govern the administration of its assistance program. This has allowed the municipaiities to establish assistance programs which respond to local conditions and to develop expertise in handling the employable caseload in their area. However, it has also resulted in a number of different sets of rules, rates, eligibility criteria and administrative processes governing the provision of assistance to people with short-term needs. Consequently, there is considerable variation in the rules used to determine eligibility, the level of assistance provided and the terms and conditions of continuing eligibility. Not only can this be confusing to those in need but it also results in people in similar circumstances being treated differently.

In this discussion it is also important to note that although the municipalities generally provide assistance to people in need of short-term assistance, and the Province to people with longer term needs, there are variations within these general responsibilities. For example, at present, municipalities are also responsible for certain clients requiring longer term assistance, such as individuals who have barriers to employment but are not eligible for the Social Allowances Program as disabled persons. Similarly, the provincial program provides assistance to persons with short-term needs in areas of the Province which do not have municipal administrations to do so.

The Canada Assistance Plan

The Canada Assistance Plan (CAP) is a federal plan which provides for sharing social assistance program costs on a 50-50 basis with the Government of Canada. In order to receive such cost-sharing, certain conditions must be met. For example, CAP requires that there be a written application for assistance and that a needs test be administered which takes into account a person's basic needs and the resources they have available to meet these needs. The needs test must take into account income, assets and the total amount of federal income maintenance payments a person receives, such as unemployment insurance, Canada Pension and Old Age Security, but it may exempt other financial resources. Among other things, the Plan also requires that a period of residence in the Province or Canada not be a condition of eligibility, and that there be an appeal process in place.

Problems in the Current System

Currently, there are a number of inequities within the Municipal Assistance Program. For example, while many municipalities establish levels of assistance which are similar to those of the provincial Social Allowances Program, other municipalities provide levels of assistance which are much lower than the provincial levels.

Inequities also exist in the availability of and accessibility to assistance. Although many municipalities may ensure that assistance is readily available to those in need in their areas and may treat the requests for assistance confidentially, there are other municipalities which may require appearance before the municipal council to submit an application or review applications for assistance at council meetings. The latter procedures are much less anonymous and expedient and they can impede requests for assistance from those in the community who are truly in need.

In addition, the lack of direct provincial input into the Municipal Assistance Program has hindered the development of strong municipal-provincial communication, co-operation and co-ordination, particularly in relation to employment initiatives and the introduction of sound and consistent policy reforms. It has also hindered the development of an effective mechanism through which municipalities encountering difficulty administering assistance can obtain training and support from the Province.

Concerns about the current two-tier system of social assistance have been expressed by a number of different organizations. For example, the Manitoba Task Force on Social Assistance (1983) criticized the inconsistencies in the benefit rates and the administrative procedures of the individual municipal programs. Concerns about these inconsistencies have also been expressed by advocacy groups such as the Manitoba Anti-Poverty Organization and the National Council of Welfare.

Within the two-tier system, the authority of the municipalities to establish their own "needs test" to determine eligibility has also been challenged. There is a case currently under appeal in the Federal Court (the Finlay case) which contends that under the terms of the Canada Assistance Plan only the Province has the authority to establish a test of need for purposes of providing social assistance and receiving cost-sharing from the Federal Government under the Plan.

Finally, the recently completed Report of the Women's Initiative identified a consistent concern in the Province regarding the discrepancy between municipal and provincial assistance, particularly in terms of the delivery of this assistance. The Women's Initiative reported that in some municipalities the administration of assistance is often inaccessible, demeaning and punitive. As a result, it was recommended that the Province assume responsibility for all sole-support parents in need, including those who currently must apply to their local municipality for the first 90 days of their separation or desertion. The Government has recently announced that the Province will assume full responsibility for sole-support parents as of January 1, 1990.

COMMITTEE STATEMENT

The Committee agreed that the Municipal Assistance Program needs to strive towards improved equity, adequacy and accessibility in the provision of assistance to people in need throughout the Province. Individuals and families in need in Manitoba should have the assurance that the practices and benefits in place are standard in all communities.

The Committee also agreed that municipalities should continue to be involved in the delivery of assistance to ensure that their knowledge of local matters and their expertise in dealing with the short-term caseload are applied to local program policies, and that administrative efficiencies are realized by making use of existing municipal infrastructures to deliver assistance and employment-related activities throughout the province.

It was also agreed that standardization of the Municipal Assistance Program through provincial regulations would ensure that a fair and efficient system is achieved, while allowing for continued municipal participation in the administration of assistance.

There was also agreement that changes to the Municipal Assistance Program should be in accordance with the conditions of the Canada Assistance Plan to ensure that the expenditures are eligible for full cost-sharing under the Plan.

However, the Committee also believes that greater consistency and efficiency in the Municipal Assistance Program would be possible if the municipalities could focus their efforts on short-term unemployed clients. Therefore, in addition to supporting the Government's recent announcement to assume responsibility for all sole-support parents in need, the Committee believes that the Province should also assume responsibility for other long-term municipal assistance cases, such as those with barriers to employment who are currently not eligible for the provincial Social Allowances Program as disabled persons.

SECTION TWO
EXTENT OF REGULATION

BACKGROUND

As indicated in the previous section, the Committee agreed that regulation of the municipal tier would address the major difficulties with the current system of social assistance. One of the key elements to be addressed is the extent to which the Municipal Assistance Program should be regulated by the Province, that is, how much of the Municipal Assistance Program should be regulated by the Province and how much should be left to the discretion of individual municipalities.

Aspects of the Municipal Assistance Program Currently Regulated

At the outset, it is important to note that a few areas of the Municipal Assistance Program are already regulated. Existing provincial legislation specifies which categories of clients are the responsibility of the municipalities. It also requires that municipalities establish bylaws which authorize municipal officials to grant assistance to persons in need and which outline the conditions under which assistance is provided. The appeal process and the provincial/municipal cost-sharing formula and its conditions are also addressed in existing legislation, as are other minor aspects of the municipal programs. Within these broad parameters, however, the municipalities have almost complete discretion regarding the benefits, eligibility criteria and administration of their assistance programs.

Major Program Areas Which Could Be Addressed in Regulation

There are a number of aspects of municipal assistance which could be standardized. For the purposes of this review, they have been grouped into the following four areas:

- **Benefits**

Benefits refer to the level of assistance provided to recipients (i.e., rates) as well as to the items for which assistance is provided (e.g., food, clothing, personal needs, household supplies, shelter, special needs and health care). The almost complete discretion that municipalities currently have in determining their rates of assistance and the items provided for by their assistance programs has resulted in considerable variation among the individual Municipal Assistance Programs in terms of both the items of assistance provided for and the rate payable for the item.

- **Financial Eligibility Criteria**

Financial eligibility criteria refer to the financial conditions that must be met in order to receive assistance from the municipality (e.g., the amount of cash that a person can have on hand and still receive assistance). As a result of the current variation in the individual municipal assistance programs, the point at which a person is considered to be in financial need varies such that a person may be considered to be "in need" in one municipality but not in another.

- **Administration**

Administration refers to the procedures involved in the delivery of assistance and includes such areas as the application process, the payment of benefits, confidentiality of client information, recovery of assistance and the establishment of municipal bylaws for the provision of municipal assistance. Currently, each municipality establishes its own administrative procedures resulting in people in need being faced with a different set of procedures in each jurisdiction.

- **Support and Monitoring**

  Support and monitoring refers to the mechanisms developed by the Province to assist municipal staff in delivering assistance, to help municipalities ensure that assistance is being provided appropriately, and to develop stronger communication and linkages between the municipalities and the Province in such areas as employment initiatives and social assistance reforms. At the present time, the support and monitoring provided to municipalities by the Province has been limited to providing consultation on the management of specific cases when requested, limited co-ordination of employment program initiatives and administration of the cost-sharing aspects of the Program.

In addition to Manitoba, Ontario and Nova Scotia also have two-tier systems of social assistance. Of these three provinces, Manitoba's municipal assistance programs are the least regulated. Ontario regulates the rates for basic necessities and shelter, most of the exemptions allowed on financial resources, many of the administrative procedures, and the support and monitoring mechanisms. In Nova Scotia, the municipalities are allowed to establish their own benefit rates, the exemptions on certain financial resources, administrative procedures and support mechanisms; however, the bylaws and budgets of the individual municipal programs must be submitted to the provincial government for approval.

CONCLUSIONS

In considering the extent to which each of the major areas of the Municipal Assistance Program should be regulated, the Committee concluded that extensive standardization of benefits and eligibility criteria was the most important factor in resolving the problems of equity, adequacy and accessibility. The Committee also concluded that some aspects of administration should be standardized to ensure provision of a reasonably accessible and confidential service; however, there would be less value in extensive regulation of administrative practices. Similarly, the Committee concluded that provincial support and monitoring were important factors in ensuring the provision of a standardized and professional service, but that they should be addressed in a limited way. A more detailed discussion of the conclusions in each of these areas follows.

Benefits

In considering the extent to which benefits should be regulated, the Committee concluded that extensive standardization of benefits should address both the items of assistance to be provided for and the rates for these items. The Committee also concluded that standardization should establish basic minimum rates for the items of assistance. In this way everyone in need across the province would be eligible for the same list of benefits, payable at the same minimum rate. The Committee also concluded that municipalities must have the flexibility to exceed the minimums when it is deemed necessary and that the regulations must allow for this eventuality.

Financial Eligibility Criteria

The Committee also concluded that the financial eligibility criteria of the Municipal Assistance Program should be extensively regulated to ensure that eligibility is assessed in a consistent manner throughout the province. The Committee noted that having one set of established rules to determine eligibility would also be more efficient as it would eliminate the need for municipalities to develop rules for handling situations which they infrequently encounter.

Program Administration

With respect to program administration, the Committee concluded that the regulation of this area should be limited to essential items such as the application process and matters of confidentiality. Regulation of these areas would ensure that requests for assistance are handled within a specified and reasonable period of time and that all matters related to the request and its outcome are handled in confidence. The Committee expressed the concern that more extensive regulation of administrative processes would strain available resources and necessitate the addition of further staff.

Support and Monitoring

The Committee noted that under a regulated system, municipal administrations would require support for staff training in the interpretation and application of the regulations, the development of program materials such as policy manuals and the analysis of rate structures and other information important to the Program. In its review, the Committee noted the need for ongoing provincial/municipal consultation respecting benefit levels and eligibility criteria, and improved communication, co-ordination and co-operation between the Province and the municipalities, particularly in the development of employment initiatives.

It was also noted that in a regulated system, the Province would have a responsibility for ensuring that the service is being delivered in accordance with the regulations and thus would need to monitor and audit municipal assistance programs and operations.

It was concluded that the Province should ensure that these services are provided. However, the Committee cautioned that the primary objective of changes to the social assistance system should be to ensure a better service to the public and to do so efficiently through the existing municipal infrastructure rather than through creating a large provincial bureaucracy. Thus, the support should be provided with as little growth as possible in the provincial system.

SECTION THREE
LEVEL OF BENEFITS

BACKGROUND

In the discussion of the extent of regulation of the Municipal Assistance Program, the Committee concluded that both the benefit rates and the financial eligibility criteria of the Program should be extensively regulated by the Province. Another major consideration is the level at which these areas of the Program should be established, that is, should the benefit rates and eligibility criteria of the Municipal Assistance Program be similar to or different from those of the provincial Social Allowances Program.

The level of benefits provided to persons in need is determined by a needs test which takes into account a person's basic needs and the financial resources available to meet these needs. Basic needs are calculated in accordance with the list of items for which assistance is provided and the benefit rates established for these items. The amount of financial resources available to meet these needs is the total amount of any assets and income available to a person, minus any items that are excluded from this calculation of available resources by the financial eligibility criteria of the Program. A further discussion of benefits and financial eligibility criteria follows.

Benefits

The Canada Assistance Plan imposes certain requirements and restrictions on the types of benefits that are provided to persons in need but allows the provinces to determine the amount of assistance that is provided for these needs. In Manitoba, assistance is provided for the following basic needs:

- **Basic Allowance**

  The basic allowance includes food, clothing, personal needs and household supplies.

- **Shelter**

  Shelter costs include the cost of accommodation (e.g., rent, mortgage payment, board and room) as well as the cost of utilities and fuel.

- **Special Needs**

  Special needs are essential items not specifically covered by other benefits of the Program, such as appliances, furniture, bedding and school supplies.

- **Health Needs**

  Health needs include non-insured supplies and services that are essential to a person's health and well-being, such as basic optical and dental supplies and services, prescription drugs, therapeutic diets, medical transportation and a telephone required for medical reasons.

- **Other Needs**

  Other needs could include assistance for items related to employment, education or training, such as transportation and child care costs.

Approximately 31,000 (95%) of the 33,000 social assistance cases in Manitoba are assisted by either the City of Winnipeg or the provincial Social Allowances Program. The rate structures for both of these programs include benefits for each of the major areas of need (i.e., basic allowance, shelter, special needs, health needs, and other needs). In addition, both rate structures are reviewed regularly to ensure that they are appropriate to meet the needs of the client group being served. The major difference is that the City of Winnipeg's rate structure is slightly lower (particularly for single recipients) than the one in place for the Social Allowances Program.

The remaining cases are assisted by almost 200 different municipalities which have a variety of rate structures and benefit schedules. As mentioned earlier, some municipalities have established benefit levels that are similar to those of the Province, while other municipalities have benefit structures which vary considerably in terms of both the items of assistance provided for and the rate payable for these items.

It is important to note once again that in Manitoba, the municipal tier has primary responsibility for assisting unemployed families and individuals in need of shorter term assistance while the Province has primary responsibility for assisting families and individuals with longer term needs. Generally, the municipalities in Manitoba provide a lower level of benefits than the provincial program. This approach of distinguishing short term requirements and long term requirements is consistent with that taken in most other provinces.

Financial Eligibility Criteria

Financial resources can be grouped into the following two categories:

- **Assets**

  Assets refer to property owned by a person. There are three major types of assets: liquid assets (assets in the form of cash or capable of being readily converted to cash), personal property (material possessions that are temporary or movable) and real property (property that is fixed, permanent or immovable).

- **Income**

  Income refers to monies received by a person. There are two major types of income: earned income (income derived from labour) and unearned income (all other income).

More detailed descriptions of the different types of assets and income appear in Appendix B.

As mentioned previously, financial resources must be taken into consideration when determining eligibility for assistance. The Committee examined the financial eligibility criteria in place in the provincial program and for comparative purposes reviewed the financial eligibility criteria in place in the City of Winnipeg.

Generally, the two sets of criteria are very similar. Both the provincial Social Allowances Program and the City of Winnipeg consider most financial resources to be available to meet a person's needs but allow exemptions on essential personal property, real property associated with a person's residence, family allowance benefits, tax credits and a certain portion of earned income. However, the two programs differ in their treatment of liquid assets and income supplement benefits. In this respect, the Social Allowances Program allows exemptions on a certain level of liquid assets while the City does not allow any exemptions on these resources. On the other hand, the City exempts benefits from income supplement programs, such as the Child Related Income Support Program and 55 PLUS, while the Province does not allow any exemptions on these benefits.

The other provinces are very similar to the Social Allowances Program in terms of the types of exemptions allowed on financial resources. In respect to liquid assets, it is not unusual for the exemptions allowed to be lower for those without barriers to employment than it is for those with longer term needs.

CONCLUSIONS

In considering the level of benefits that should be available through the Municipal Assistance Program, the Committee concluded that the five basic benefit areas (basic allowance, shelter, special needs, health needs and other needs) should each be addressed in regulation to ensure consistency in the benefits available. The Committee also concluded that a balanced approach should be taken in establishing the financial criteria for the Program, by allowing sufficient exemptions to avoid entrapment in poverty, accompanied by strong job search expectations. A more detailed discussion of the Committee's conclusions in these two areas follows.

Benefits

The Committee concluded that regulations should set minimum rates payable for benefits which are generally considered appropriate for short-term clients and which take into consideration the current fiscal realities in Manitoba.

The Committee concluded that generally it may be reasonable to establish rates for the municipal client group at a level which approximates those currently in place in the City of Winnipeg rather than those in place in the provincial Program because employable persons do not have all the costs associated with long-term involvement on an assistance program and have more opportunities to obtain employment and to increase their available income. The system and benefits of the provincial Program have generally been designed for a longer term clientele.

However, it was noted that flexibility must be allowed for communities to exceed these standards to ensure that regional differences in the cost of basic necessities can be accommodated.

During its deliberations on benefits, the Committee noted that shelter is a significant component of the benefit structure and, therefore, it is important for assistance and housing programs to work co-operatively to ensure that the needs of social assistance recipients are met.

Financial Eligibility Criteria

The Committee concluded that the assets and income to be exempted in the determination of eligibility for assistance should be standardized in regulation. The Committee further concluded that the financial eligibility criteria should include work incentives which encourage clients to accept and maintain employment thereby reducing their dependence on assistance.

The Committee concluded that a balanced approach must be taken to establishing financial eligibility criteria for short-term clients. The balanced approach should permit the exemption of some financial resources to encourage and facilitate the transition from assistance programs to financial independence, but at the same time should put conditions in place which ensure clients are searching for and accepting available employment to promote their independence from assistance. It was suggested that some suitable exemptions could include life insurance policies as well as some liquid assets. However, it was noted that exemptions of this nature have potentially significant cost and program implications. As such, it was concluded that the specific items to be exempted would require considerable additional study.

In respect to the process to be used to establish and review benefits and financial eligibility criteria for the Municipal Assistance Program on an ongoing basis, the Committee concluded that there should be a process of consultation with the municipal organizations (the Manitoba Association of Urban Municipalities and the Union of Manitoba Municipalities) and the City of Winnipeg to ensure that the standards are set at appropriate levels.

The Committee noted that the City of Winnipeg has an effective process in place for determining benefit levels and that this role should continue but that it should include consultation with the Province.

SECTION FOUR
COST-SHARING ARRANGEMENTS

BACKGROUND

Cost-sharing refers to the arrangements between the Province and the municipal governments for sharing municipal assistance costs. These arrangements define: the formula used to apportion expenditures between the municipalities and the Province, the types of expenses which are shareable, and the conditions and limitations of the arrangements.

In Manitoba, municipalities are reimbursed by the Province for a portion of their municipal assistance expenditures according to the cost-sharing formula outlined in The Social Allowances Act. Two major types of expenditures are cost-shared as follows:

- **Financial Assistance**

Financial assistance refers to the benefits provided by a municipality to persons in need. Municipalities may be reimbursed for financial assistance costs as follows:

- Area Residents (persons who have lived in a municipality for 12 consecutive months without being on assistance)
  - the greater of:
    - 40% of gross assistance payments
    - OR
    - 80% of assistance costs in excess of one mill of the equalized assessment of that municipality

- Non-Area Residents (persons who are not area residents)
  - 100% of gross assistance payments

- **Welfare Services**

Welfare services refers to salaries and other costs associated with the administration of municipal assistance. Municipalities may be reimbursed for welfare services as follows:

- 50% of the amount that the salaries of staff engaged in full-time welfare work exceed the costs incurred in 1964, and

- 50% of the cost of items such as employer contributions towards employee benefits, research or consultation fees, operating costs of computer services, travelling and related living expenses, registration fees for conferences and seminars, and payment of instructors for the training of welfare services staff.

The application of the existing cost-sharing formula results in the municipalities contributing approximately 20% of the total municipal assistance costs. The Province contributes the remaining 80% on a gross basis; however, the Province's contribution is reduced to approximately 30% of gross costs after cost-sharing is received from the Federal Government through the Canada Assistance Plan. In 1987, for example, the total municipal assistance costs of approximately $50.0 million were shared as follows: about $10.0 million was contributed by the municipalities, about $15.0 million by the Province, and about $25.0 million by the Federal Government.

However, the cost of assistance and individual contributions to these costs varied greatly from municipality to municipality. In 1987, there were 36 municipalities and LGD's which did not incur any net assistance costs. A further 137 incurred costs of under $10,000.00 and only 28 incurred costs of over $10,000.00 after cost-sharing.

There are many factors which account for these variances in cost and contribution at the municipal level, including the economic activity in each area, the relative size of some communities, the composition of the caseload, the accessibility of each municipal assistance program and the level of benefits available through each program. Appendix C provides more detailed information on the expenditures of each level of government for each type of municipality (e.g., rural municipalities, villages, towns and cities). Further information on the percentage contribution of the different types of municipalities is provided in Appendix D.

In order for municipalities to receive cost-sharing for their municipal assistance expenditures, they must meet the following conditions:

- **Provincial Requirements**

  The Social Allowances Act provides authority for the Province to cost-share municipal assistance expenditures but also sets out conditions for the delivery of municipal assistance and places limits on expenditures which may be cost-shared. The most important condition is that the Province will share only those municipal assistance expenditures that are shareable with the Federal Government under the Canada Assistance Plan. The other provincial requirements are that assistance be granted to persons in need who are not eligible to receive provincial social allowances, that the assistance be granted in accordance with a schedule of assistance that meets the cost of basic necessities, and that the municipality establish bylaws which authorize the officers of the municipality to grant assistance to persons in need who reside or are found in the municipality.

- **Federal Requirements**

  The Canada Assistance Plan provides the authority for the Government of Canada to share in the cost of each province's social assistance expenditures, including municipal social assistance. However, as mentioned earlier, in order to receive cost-sharing, assistance must be provided in accordance with the conditions outlined in the Canada Assistance Plan Act and Regulations. If these conditions are not met, all or part of this cost-sharing may be lost. These conditions, such as the requirement for a needs test, were addressed earlier in the Report.

It may be noted that municipalities also provide assistance to Treaty Indians who are living off reserve. Municipalities providing such assistance directly bill and are directly reimbursed by the Federal Government for 100% of gross assistance costs.

It should also be noted that in the unorganized territories of the Province and in the Local Government Districts (LGD), the Province provides social assistance to all persons in need. Although these territories and LGD's are not involved in the delivery of assistance, the LGD's do contribute to the costs of social assistance through a three mill levy.

CONCLUSIONS

The Committee concluded that municipalities should continue to contribute to the cost of assistance, as long as they continue to be involved in the delivery of it. Financial responsibility and accountability ensures program administration and delivery are as effective and efficient as possible.

The Committee also concluded that municipal contributions should continue according to the existing formula. In considering how costs should be shared between the municipalities and the Province, the Committee examined a number of options which ranged from continuing the existing formula, to freezing municipal costs, to developing a new formula, to asking the Provincial Government to assume 100% of the costs. The Committee concluded that the existing formula provides for a reasonable level of contribution from the municipalities and a level of equitability which equalled any of the other formulas which were considered. Finally, the existing formula also contains different claiming arrangements for assistance costs due to area residents and non-area residents, which the Committee felt should be maintained.

The Committee noted that social assistance costs at the municipal level are financed through municipal property taxes, but does not believe that property taxes are the most appropriate mechanism for funding social assistance. Thus, the Committee believes that the current overall municipal contribution to costs should not increase as a result of the introduction of regulation. Nevertheless, the Committee acknowledges that on an individual basis, social assistance costs in some municipalities will increase as a result of the introduction of consistent benefit levels and financial eligibility criteria.

The Committee further believes that the municipal contribution should be based on cases for which the municipality has continued responsibility. Municipalities should not be required to continue to contribute towards the cost of sole-support parents once responsibility for these cases has been transferred to the Province. Neither should there be continued responsibility for clients with long-term barriers to employment, if these cases are transferred to the Province. Any savings realized by the municipalities as a result of these transfers should accrue to the municipalities.

SECTION FIVE
RECOMMENDATIONS

Based on its discussions of the current two-tier system of social assistance, the Committee confirmed that problems exist which necessitate reform of the system. As requested by the Government of Manitoba, the Committee has provided recommendations on such reform. Recommendations are provided on reform of the social assistance system in general, as well as with respect to the following three specific areas:

- the extent to which municipal assistance programs should be regulated by the Province,
- the level at which benefits should be set under a regulated municipal system, and
- the manner in which the costs of municipal assistance expenditures should be shared with the Province.

General

1. Reform of the current two-tier system of social assistance should include the increased standardization of the existing system through enhanced provincial regulation.

2. Municipalities should continue to administer assistance at the local level to clients with short-term needs. The Province should assume responsibility for municipal clients with long-term barriers to employment, in addition to the recently announced transfer of sole-support parents who have been separated for ninety days or less.

3. Efforts to encourage and assist recipients to become independent of social assistance should be reinforced by increasing funds available for employment related initiatives targeted specifically to municipal social assistance recipients.

Extent of Regulation

4. The items to be provided through municipal social assistance and the minimum rates at which those items are to be provided should be standardized in regulation. Some flexibility should be allowed for municipalities to exceed the standards when necessary and to receive cost-sharing on these additional expenditures.

5. The financial eligibility criteria which are used to determine initial and ongoing eligibility for assistance should be standardized in regulation.

6. Regulation of administrative procedures should be limited to those items which are essential to providing reasonable access to service such as the application process and matters of client confidentiality.

7. The Province should introduce a system of municipal support and monitoring which provides for reasonable levels of:
   - training for municipal officials,
   - assistance and advice with case administration,
   - analysis of municipal rates and policies,
   - consultation on and auditing of program delivery, and
   - improved linkages between the Province and the municipalities, particularly with respect to employment initiatives.

Level of Benefits

8. Benefits should be set at levels generally considered appropriate for short-term clients and which take into consideration the current fiscal realities in Manitoba.

9. Financial eligibility criteria should be set at levels which are consistent throughout the Province. Further study should be undertaken to determine resources which should be exempt from consideration in determining eligibility of persons in need of short-term assistance to avoid entrapment in long-term poverty.

10. Reasonable benefit levels and financial eligibility criteria should be balanced with strong employment search expectations. Employment search expectations must be sufficiently flexible to accommodate regional differences in employment availability.

11. There should be ongoing consultation between the Province and the municipalities regarding adjustments to rates and eligibility criteria. The Province should consult with the City of Winnipeg on the rates and eligibility criteria to be set by the City of Winnipeg and with the municipal organizations on rates and eligibility criteria to be set for all other municipalities.

Cost-Sharing

12. Municipalities should continue to be involved in sharing the costs of municipal assistance as long as they are involved in the administration of it. The existing cost-sharing formula should be maintained; however, any cost savings resulting from the transfer of sole-support parents or persons with long-term employment barriers to the provincial program should accrue to the municipalities.

SECTION SIX
COST ESTIMATE

The recommendations made by the Committee will impact both municipal and provincial costs of assistance.

It is estimated that the incremental cost to the Province of the proposed reforms will be $3.4 million. The Province will incur an additional cost of $1.0 million as a result of allowing the municipalities to accrue the saving resulting from the transfer of sole-support parents to the Province. It has been estimated that on an overall basis the municipalities will experience reduced expenditures totalling approximately $1.2 million, however not all municipalities will realize a saving. Some municipalities will incur increased costs as a result of the introduction of regulation which will not be offset by the provincial takeover of sole-support parents and cases with employment barriers. The cost of regulation will be incurred mainly by municipalities which are required to adjust their assistance rates to higher levels. The savings and costs are the result of the following factors:

- transferring responsibility for cases with long-term barriers to employment, as well as sole support parents separated for ninety days or less, to the Province;

- allowing the municipalities to accrue the savings resulting from the transfer of the above two long-term caseloads to the Province;

- regulating benefits and eligibility criteria to levels which approximate those in place in the City of Winnipeg;

- regulating essential administrative procedures and introducing a reasonable level of provincial support and monitoring, and

- maintaining the present cost-sharing formula.

APPENDIX A

MEMBERS OF THE SOCIAL ASSISTANCE REVIEW COMMITTEE

VOTING MEMBERS

Manitoba Association of Urban Municipalities (MAUM)

Donald Melnyk
Reeve, Rural Municipality of East St. Paul

James W. Tomko
Mayor, Town of Winnipeg Beach

Union of Manitoba Municipalities (UMM)

William Roth
Reeve, Rural Municipality of Dufferin

John Nicol
Reeve, Rural Municipality of Springfield

The City of Winnipeg

Ernie Gilroy
Councillor, Sargent Park
Chairman, Committee on Planning and Community Services

NON-VOTING MEMBER

Manitoba Municipal Administrators' Association (MMAA)

Jerome Mauws
Administrator, Stonewall

SUPPORT STAFF

Province of Manitoba

Department of Urban Affairs

Vernon DePape
Manager, Administration and Finance

Department of Rural Development

Anna Fuller
Manager, Administration

Department of Family Services

Winston Hodgins[1]
Assistant Deputy Minister, Income Security Division

Doug Sexsmith
Director, Social Allowances Field Operations

Joan Roch
Program and Systems Specialist

The City of Winnipeg

Russ Simmonds
Director, Social Services

1 - Chairman of the Social Assistance Review Committee

APPENDIX B

DEFINITIONS OF FINANCIAL RESOURCES

ASSETS

Assets refer to property owned by a recipient. The major types of assets are:

- **Liquid Assets**

  These are assets that are in the form of cash or are capable of ready conversion into cash and include cash on hand, bank accounts, stocks, bonds, and the cash surrender value of life insurance policies.

- **Personal Property**

  Personal property refers to material possessions or assets that are temporary or movable, such as clothing, home furnishings, vehicles, recreational equipment and business or farm equipment.

- **Real Property**

  Real property refers to property that is fixed, permanent or immovable or, more specifically, land for which legal title is held plus any buildings located on such land. Examples of real property are a house, a summer cottage, farmland, or a business property.

INCOME

Income refers to monies received by a person. In general, there are two types of income, earned and unearned. The following are definitions of major sources of income:

- **Earned Income**

  Earned income is income derived from labour in the form of work done or services rendered, as opposed to income derived from capital (e.g., investments) or entitlement (e.g., pensions).

- **Unearned Income**

  Unearned income refers to all income except wages and net revenue from farm or business operations. Common sources of unearned income are as follows:

  - **Family Allowance benefits**

    These are the monthly benefits provided by the Federal Government for each dependent child under the age of 18.

  - **Tax credits and refunds**

    Tax credits provide low income persons and families with benefits through the income tax system, and include the federal Child Tax Credit, the Federal Sales Tax Credit, the Manitoba Property Tax Credit and the Manitoba Cost of Living Tax Credit. Income tax refunds refer to monies returned to a person because too much of their income was deducted for income tax purposes.

  - **Settlements or agreements**

    These are monies received in the form of a lump sum payment or an ongoing benefit as a result of a settlement (e.g., accident claim, life insurance, or inheritance settlement) or an agreement (e.g., a maintenance order, unemployment insurance benefits, or a training allowance).

  - **Pensions and income supplements**

    Pensions are an ongoing source of income from such sources as the Old Age Security Program, the Canada Pension Plan, Workers Compensation and private pension plans. Income supplements are designed to supplement the incomes of low income persons and include benefits from such programs as the Child Related Income Support Program (CRISP) and 55 PLUS.

  - **Income from assets**

    Such income would include revenue from real or personal property such as income from boarders or the proceeds from the sale or investment of assets.

APPENDIX C

1987 MUNICIPAL EXPENDITURE SUMMARY

Summary of 1987 Municipal Expenditures (Thousands $)				Contribution Towards Costs		
Municipal Assistance	Gross* Assistance	Welfare** Services	Total Gross Costs	Municipal	Provincial	Federal
Rural Municipalities	$926.3	$0.0	$926.3	$232.4	$230.8	$463.1
Villages	$193.9	$0.0	$193.9	$30.9	$66.1	$96.9
Towns	$1,111.7	$89.0	$1,200.7	$269.7	$330.7	$600.3
Cities	$2,576.3	$279.0	$2,855.3	$517.0	$910.7	$1,427.6
Winnipeg	$39,543.6	$6,009.0	$45,552.6	$9,717.5	$13,058.8	$22,776.3
Total	$44,351.8	$6,377.0	$50,728.8	$10,767.5	$14,597.1	$25,364.2

* 1987 Calendar Year Expenditures

** 1987/88 Fiscal Year Expenditures

(Does not include LGD's, whose contribution towards assistance cost in 1987 was $201.9).

APPENDIX D

1987 MUNICIPAL EXPENDITURE SUMMARY

Municipal Assistance	Percentage Contribution Towards Gross Costs (including Welfare Services)		
	Municipal	Provincial	Federal
Rural Municipalities	25%	25%	50%
Villages	16%	34%	50%
Towns	22%	28%	50%
Cities	18%	32%	50%
Winnipeg	21%	29%	50%
Total	21%	29%	50%